


ISMIE Mutual Reconciliation of Exhibit 2A Reserve Study with 2006 Annual Statement


Exposure data under (C-5)(1)(a) does not reconcile to the ISMIE annual statement as it is information not included in the statement. The data was compiled in a manner consistent with the process used to get exposures for ISMIE rate level and relativity studies.

To create the (C-5)(1)(a) loss exhibits, actual direct paid amounts by claim were summed up at the required summary levels by policy year and evaluation year. The summation would reproduce the paid amounts shown in the Annual Statement, less non Illinois business. Non Illinois business does not appear until the 2000 year, and is only about 1% of the total. For claims that were open, reserve amounts were shown which, when summed up by year, would reproduce the total case and bulk and IBNR reserves in the Annual Statement, again with the exception of non Illinois business.

To create the (C-5)(2)(a) reserve exhibits required by Section 4203, first exhibits in the formats of Schedule P, parts 1 through 6, were created for direct experience for all of ISMIE Mutual. To do this, data was extracted from ISMIE Mutual Annual statements from 1997 through 2006. This was done for medical malpractice claims made and occurrence (in ISMIE's case extended reporting), which represent the policy types to be shown, CMPA (Claims Made Including Prior Acts) and OERE (Occurrence Including Extended Reporting Endorsements). Next, the ISMIE data was split into 4 groups. Three were the "Health Care Insurer Types", PHSU (Physicians, Surgeons and Osteopaths), OHCP (Other Health Care Professionals), and OHCF (Other Health Care Facilities). ISMIE is considering policies issued covering corporate entities as OHCF, and has no data for HOSP as does not write hospital professional liability. The fourth group was all non Illinois business. Using the year end 2006 data, percentages were derived for the four groups for claims, losses and expenses paid and incurred, and premium. These percentages were then used to split the direct claims made and occurrence data in the Schedule P type exhibits into 8 sets of exhibits, one for each of 2 policy types for the 3 health care types and non Illinois. The split data (including non Illinois for this check) was then checked, and if necessary adjusted, to make sure the 4 parts summed up to the 2006 total for both claims made and occurrence, and that past data also summed up to the total data in past annual statements, with the paid and IBNR allocations limited so as to never exceed the incurred. The 6 resulting Illinois sets of part 1 through 6 exhibits are thus the data filed as Exhibit 2A reserves. The non Illinois portion has not been included.

We the undersigned, certify that the data filed (as described above) under the requirements of section 4203 is accurate to the best of our knowledge and reasonably reconciles with the most recently filed annual statutory financial statement.

  
John M. Meeks  
Chief Actuary

  
Eugene J. Gross  
Chief Financial Officer